

## Conference Paper

# The Behavior of Chinese Entrepreneurs in Controlling the International Market: A Study of Phenomenology in CV Unggul Putra Samudra Malang

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**Abstract**

Ethnic Chinese is one of the largest ethnic groups in Indonesia. Apart from being tenacious, the Chinese ethnic group is also known as being loyal to other groups. This study was conducted at CV Unggul Putra Samudra, which is a well-known and successful ethnic Chinese family business. Products manufactured by CV Putra Samudra include furniture tailored for buyers. The objectives of this study were: 1) to provide empirical knowledge about entrepreneurship within the ethnic Chinese; 2) to provide information that the business world and distributors involved in the marketing process could use to make CV Unggul Putra Samudra more systematic. This study used a phenomenological qualitative design. Data were collected through interviews, documentation, field notes and observations. Triangulation of data sources, theories and methodologies was applied to check the validity of the data. The results highlighted characteristics such as resilience, never giving up and upholding the belief in ancestors. The owner of CV Unggul Putra Samudra was trained and educated from an early age to become an entrepreneur and is resilient and never gives up. Those who respect and appreciate the beliefs of their ancestors will get blessings in life.

**Keywords:** Entrepreneurial Behavior, Ethnic Entrepreneurship, Family Business

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## 1. Introduction

Since long ago, the Indonesian archipelago has been known to be a traffic route for culture, religion, art, science, and also trade. The mainland of the archipelago and ASEAN are known as spice routes which both have high selling value. That is why for hundreds of years, Indonesia has been the country most visited by various ethnic groups, such as Chinese, Indian, and Arab. Of the many ethnic groups who have come to Indonesia, one of them who inhabits indigenous lands and is known for its very strong

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work ethic is the ethnic Chinese descent. It is known that this ethnic group has great confidence in order to be successful in achieving the expected dreams. Over time, there were more and more Chinese women who we know as Hoakiao. Many of the ethnic Chinese settled in Indonesia and some of them opened businesses, tried their luck, married local women and went on with their lives. This Chinese ethnicity does not come from only one ethnicity, but instead varies, such as the Kong Hu (Cantonese), Hakka, Tio Ciu, and Hokkien ethnicities. The distribution of Chinese ethnicity is also not evenly distributed, the islands that are dominated are islands that are large enough with good natural resources, many are considered to be their places of residence, such as Sumatra, Kalimantan, and Java. According to Seng (2008: 15) there are several behavioral characteristics of Chinese ethnic traders in running their trading business, including not giving up easily, not giving up opportunities, keeping promises, trying to convince customers during trade and having endurance and fighting spirit. tall one.

Entrepreneurs according to Soegoto (2014: 26) Entrepreneurs are people who are creative, innovative, independent, confident, resilient, and diligent, diligent, disciplined, ready to face risks, seize opportunities, are good at managing resources, in building, developing, promote and make the business or company superior. It can be concluded that what is meant by entrepreneurial behavior is someone's action shown in the knowledge, attitudes and skills to do an innovative, creative, risk-taking and competitive business to create bright ideas. Most Chinese ethnic entrepreneurs in entrepreneurship are the result of inheritance from the family so that only children and descendants can enjoy success and other people cannot interfere in it (Oei: 2008). This cultural heritage is carried out from generation to generation and will eventually form a pattern of behavior that is different from other ethnicities. Ethnic Chinese have a very high entrepreneurial spirit in trading. The ethnic Chinese make trading their main job and an activity that will generate huge profits if done optimally. CV. Unggul Putra Samudra (UPS) is a family business that was founded in 1980 in the Singosari area, Malang Regency. The business, which started with rattan processing, has now grown rapidly into a special furniture business made from plastic seeds. Using quality basic materials and processing using sophisticated technology, making CV. UPS business development quite rapidly. Within 1 decade, CV. UPS can have customers from various countries. Currently CV. UPS is one of the leading furniture exporters from Indonesia which has international standard product quality. The alacrity of CV. UPS in serving consumers aims so that consumers do not move to other producers and keep buying goods at CV. The UPS.

Based on the above background, the problem in this study is how the behavior of Chinese ethnic entrepreneurs in controlling the international market. Based on the

formulation of the problem, the purpose of this study is to explain and describe the entrepreneurial behavior of Chinese ethnic in CV. UPS Singosari Malang.

## 2. Method

Researchers use a qualitative descriptive approach and type of research because researchers observe, participate in, and play a role in the object of research. Bogdan and Taylor in Moleong (2014: 4) draw the conclusion that qualitative methods produce descriptive data in the form of written words that are seen as a whole, not dividing them into hypotheses or certain variables. The presence of researchers in this study were observers, interviewers, data collectors, analyzing data, and reporting research data. While the role of the researcher, in this case, is a key instrument, where the researcher acts as a full participant. The subjects in this study were the owners of CV. UPS consisting of Mr. Flores Samudra, Mrs. Lies Samudra and the first child Reza Samudra as well as supporting informants, namely several customers and employees of CV. UPS. The types of data used are primary and secondary data. The collection method uses the interview method, observation and field notes. The data analysis method used was data reduction, data presentation and conclusion drawing and verification.

## 3. Results and Discussion

### 3.1. Results

Based on the results of this study, it can be seen that there are several keys to success in mastering the international market of CV. UPS as follows:

#### 3.1.1. The Effort, dare to try and not afraid of failure, start with what is.

This point is the main advantage of Chinese entrepreneurs. In Chinese families, hard work is not unusual. They are used to overtime until morning. If there is an opportunity, such as before the Chinese New Year, they know that customer demand will increase, then they will work hard to fulfill the request because they realize that such moments are rare moments that are unfortunate to miss. Generally, ethnic Chinese have the courage to start a business and are not afraid to fail. They have a high sense of urgency, so they argue, "If you don't start now, when will you?" Failure is not a scary thing because they always start a business as is and from the bottom. This is evident from the results of

interviews conducted by researchers with the owner of CV.UPS, Mr. Flores as the main informant as follows; *“This business idea originated from a hobby of making unique home furniture made of rattan. At that time in 1980, it was very difficult to find good home furniture, so I made it myself to display in my house and my mother. As time went on, it turned out that some of my colleagues who live abroad came to my house and were interested in the furniture I made. Then he offered me to make some samples of small displays that could be taken abroad. With determination and high hopes, I make examples of displays that are unique and interesting”*. Interviews were conducted by researchers with the wife of the owner of CV.UPS also showed that Pak Flores has a strong determination to carry out any activity. He is not afraid of failure and always innovates to make “strange” and unique items that make other people curious.

### 3.1.2. Gather information and learn.

Before entering into a business field, ethnic Chinese entrepreneurs will collect as much information as possible. They don't hesitate to go to relatives, friends and even parties they don't know. Every conversation with anyone they use to ask about the business that will be engaged in. They are very adept at conducting surveys of the businesses they will be in. They also do not hesitate to study. A common way of learning is to work with people whose businesses are similar. After they are sure they have mastered enough information and skills they will try on their own. This is in accordance with the statement from Mr. Flores as the main informant as follows;

*“Before I sell the things I make, I always read a lot and share with my family, colleagues and other relatives regarding goods or furniture made from rattan. I always try to make products that are good and have a character with the goods in general, so that my goods can dominate the market. I love making new things and I always show them to some of the closest people to ask for their suggestions and criticisms of the items I make”*.

The results obtained show that CV.UPS furniture products do have their own characteristics or uniqueness that distinguishes this product from competitors' products. The use and selection of appropriate raw materials and technology, make products from CV.UPS has always become the main target for buyers from abroad.

### 3.1.3. Planning.

The most common planning is to look at the pros and cons of a business. In academic terms, they consider the feasibility of the business to be run. How much costs will be incurred, how to get raw materials, how to prepare their products, who will buy them, where to sell them, when to return the capital, and how much profit is the main factor to be considered. Planning is made to pay attention to effectiveness (goals achieved) and efficiency (the right way without sacrificing much time and effort) of the effort that will be involved. One of the supporting informants in this study is Mrs. Suparti, she is the Production Manager of CV. UPS says that

*“I’ve worked with Pak Flores for 26 years since 1994 until now you are still very structured and observant in carrying out production activities. Starting from selecting the raw material vendor, choosing the model to be made, choosing the machine to be used, and even choosing a new customer, all of you who take into account and plan. I learned a lot from you because thanks to him now I can be better at managing the production of goods for CV.UPS ”.*

It can be seen that the Chinese ethnics do have careful planning in doing business activities. Many sources claim that they did so in order not to suffer heavy losses. The same thing was conveyed by Mr. Mahmud as a marketing division. He said that careful marketing planning made by Pak Flores made CV.UPS consumers increasingly developed to 5 continents.

### 3.1.4. Fostering relationships.

The ethnic Chinese are known to be very competitive, but they are always aware that building relationships are is one of the keys to their success. To build a good relationship they do not hesitate to make certain sacrifices, such as giving gifts, inviting food and entertaining their relationship. Anyone who can help launch and develop a business is their relationship. By fostering good relationships, mutually beneficial cooperation is opened. This is consistent with the interview with the supporting informant, namely the first son, Reza Samudra, who stated the following;

*“my father was known to really like hanging out with his friends. Maybe that’s what makes CV.UPS growing in recent times. Most of Papa’s friends are all entrepreneurs, they are mostly engaged in exporters of goods, but*

*the ones who produce furniture products are just poor. Within a month, three to five times dad always entertains his friends at home. Usually, when they get together, there must be a 'deal' related to work in the office".*

To be able to survive, the Chinese ethnic traders have business strategies that must be maintained and bring absolute luck to their business. Extensive relationships and good business relationships make business better and can affect sales levels. This is also in accordance with the statement of the main informant, namely the wife of Mr. Flores, Mrs. Lies. He stated that the purpose of the association conducted by the main informant was to build relationships and get the latest information related to export trade both in Indonesia and abroad.

### **3.1.5. Marketing ability.**

The marketing capabilities of the Chinese ethnic groups are generally supported by their ability to meet the needs and desires of customers and the ability to determine the selling price of a product accurately. From this process, there is the spread of free advertising by word of mouth. For large enough entrepreneurs, they do positioning professionally by sponsoring certain activities and placing advertisements through print and digital media. The main informant's statement from Mr. Flores Samudra said as follows,

*"I am close to my customers, I have a good relationship with them. I am also open to listening to their input if it is an input that can make our product better. So far, we get new customers because they are acquaintances of our customers. So it is true that the word of mouth in this business is very strong, especially since my customers are dominated from abroad. I always maintain product quality so that consumers are always satisfied and do not move to other manufacturers. This is what makes marketing indirectly I do because then they will tell or introduce my product to other people. But besides that, I also carry out other promotional activities such as participating in exhibitions or events, especially those related to household furniture".*

We also found something similar when conducting interviews with a supporting informant, namely one of the CV.UPS customers, Mr. Ferdinand. He said that Mr. Flores has always maintained a good relationship with his customers and even Mr. Flores does not hesitate to give gifts to regular customers. This is what makes consumers loyal and indirectly promotes products from CV.UPS. several exhibitions were also attended by

CV.UPS and CV.UPS always performed optimally and amazed, this is what makes the sales level from year to year increasing.

### 3.1.6. Diversify business.

Chinese entrepreneurs are not easily satisfied and satisfied with their efforts. They are always trying to expand their business. One way is to diversify the product. They tend to have a desire to fulfill all the needs and desires of their customers. They want their customers to only come to them. To realize this desire, the most appropriate way is to dare to diversify products. The main informant, Mrs. Lies Samudra, said that the diversification of the business carried out by CV.UPS in the last few years has created consumer interest, both old and new consumers, along with the statement,

*"To maintain the market and based on the demands of some consumers, for the last 6 years, we have made new products that are still under the auspices of CV.UPS to satisfy consumers and make a CV.UPS a one-stop shopping for both household and institutional furniture needs. We have diversified our products, namely making a 'cushion' for the furniture we make. Our chair products made of rattan and plastic seeds are modified so that they are suitable when paired with our artificial cushions. After conducting several market tests, since 2 years ago we have been producing chairs with various designs. Another diversification is making furniture in smaller forms made of cloth. These innovations have made the CV.UPS market wider and increasingly recognized by the wider community".*

Business continuity that must be done in addition to maintaining consumers but also must always be up to date related to the changing times and market demand. If producers cannot keep up with and adapt to these changes, it will be difficult for producers to carry out product development.

## 4. Discussion

Based on the data obtained by the researcher through the research subject, namely the owner of CV. UPS as the main informant and several other informants such as employees and consumers shows that they have several main principles as entrepreneurs that are used in running their business. Trading according to Chinese ethnicity is the courage to speculate, a shrewdness, the most skilled is the most successful. The cultural

background and soul-training they have received from year to year since the war of the Republic of Indonesia, make a personality that is described by Susetyo (2010: 166-167) is characterized by Chinese ethnicity that has technical skills, tenacity in facing life's difficulties and sincerity in implementing work. This personality has become part of the culture that is taught from generation to generation. Based on the results of observations and interviews conducted by researchers, it can be seen that the main informant, Mr. Flores started his business without thinking that it will develop rapidly as it is today. The family environment, which is dominated by entrepreneurs and an extensive business network, allows Pak Flores to easily get information related to the business world and makes it easier to carry out in direct marketing activities.

The problems faced during this business include a decrease in turnover and various risks in trading, particularly related to export activities. The world of trade is closely related to the risks that arise, but Chinese ethnic entrepreneurs are classified as capable of dealing with these risks. With the principle of not giving up easily and never giving up, making Chinese entrepreneurs have the strength to face the downturn in their business. The owner of CV. UPS, Mr. Flores said that in the application of business since the beginning of the Swal until now he is always optimistic, never gives up, and always learns so he can always satisfy consumers. According to Moris (2015: 63) as an entrepreneur, he must be able to take action in a short period and be able to take advantage of business opportunities quickly. The Chinese ethnic group uses its ability to the fullest to achieve a better life.

Every decision made by Mr. Flores is always based on information related to that decision. In the process of product planning and marketing, Mr. Flores is always assisted by his wife and first child. Planning is done in detail so that in the application there are no errors that cause losses. As an entrepreneur, he must be able to maintain good relationships with consumers. According to Zaqeus (2016: 96), entrepreneurs must be able to attract the attention, interest, desire, and action of consumers to buy. They must be able to convince buyers of the benefits and uses of the product to realize the desires of consumers. Hope with the realization of consumer desires, there will be loyalty and ultimately there will be indirect marketing by word of mouth by consumers. The attitude of convincing consumers must be owned by Chinese ethnic entrepreneurs because then they will be able to convince consumers of the products being sold.

To be able to dominate the international market is not easy, especially with Indonesian products, which at that time did not have a wide-ranging positioning. Extensive network and word of mouth marketing, make products from CV. UPS was finally able to penetrate



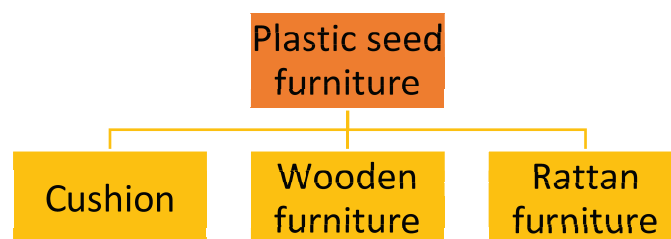
the international market. To maintain these conditions, many strategies are carried out especially at the growth stage, including:

1. Competing defense. To remain competitive, product development and company service expansion must always be dynamic and put the company in a critical state. The company must always be innovative and improve on its past success or improve the product it first produced, otherwise, the market will abandon it.

2. Try for products that are the "big hitters", and don't concentrate on improving the success of existing products. The success of companies such as 3M (Man, Material, Market) continues to dominate the market position through the continuous introduction of new products.

3. Take positive and proactive steps to master the key managers and professional technical experts who are always involved in shaping the company's success. It is very difficult to put back a capable individual ability. Therefore, losing someone who is capable and considered key can destroy the company's superiority in competition.

In addition to implementing superior strategies, product development or business diversification is necessary. It aims to maintain, expand the market, and share risks. Diversification is carried out by CV. UPS, namely horizontal diversification, which means that each production unit has the same level and degree, what distinguishes it is the target market and the needs of potential buyers, as shown below, which shows that CV UPS produces 3 different types of goods, which of course, tailored to the needs of different potential customers.



Based on the results of research conducted by researchers, it was found that the development of the business unit was carried out by CV. UPS had an impact on increasing sales, which were dominated by buyers from abroad and were new buyers. Currently CV. UPS has three business units where the three business units have their respective markets and can help reduce the risk that is always present in all life activities, including always being a threat to the company. Diversification will indirectly reduce the impact of risk in the future. If one of your business units experiences a loss, even goes out of business, there are still other business units so that you can still survive.

## 5. Conclusions

The research results from data analysis can be concluded that the entrepreneurial behavior of Chinese ethnic at CV. Unggul Putra Samudra (CV.UPS) is shown by facing various challenges in business with enthusiasm, not easily giving up, and never giving up. In running his business, the owner of CV.UPS always collects information and learns from various sources in order to carry out marketing activities and make the right decisions. They always maintain good relationships, because they realize that relationships are the main key to be able to dominate the international market. With the satisfaction and loyalty of CV.UPS consumers, they indirectly carry out the word of mouth activities for CV.UPS products. To retain consumers, increase sales, and minimize risks, CV.UPS has made product diversification by creating a subsidiary of wooden furniture, rattan furniture, and making cushions.

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